

27 October 1956

MEMORANDUM FOR: Deputy Director/Intelligence

ATTENTION:

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FROM:

Assistant Director for Basic Intelligence

SUBJECT:

Bureau of the Budget Questions re
Fiscal Year 1958 Budget

In response to the telephoned request of Mr. T. J. Hollihan,
the enclosed replies are submitted to questions posed by the
Bureau of the Budget on the OBI Fiscal Year 1958 Budget.

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Enclosures:

Replies to Questions
A thru F

Distribution:

Orig. and 2 - Addressee

1 - FY-58 folder

3 - SA

1 - *Budget Coordinator Special Studies*

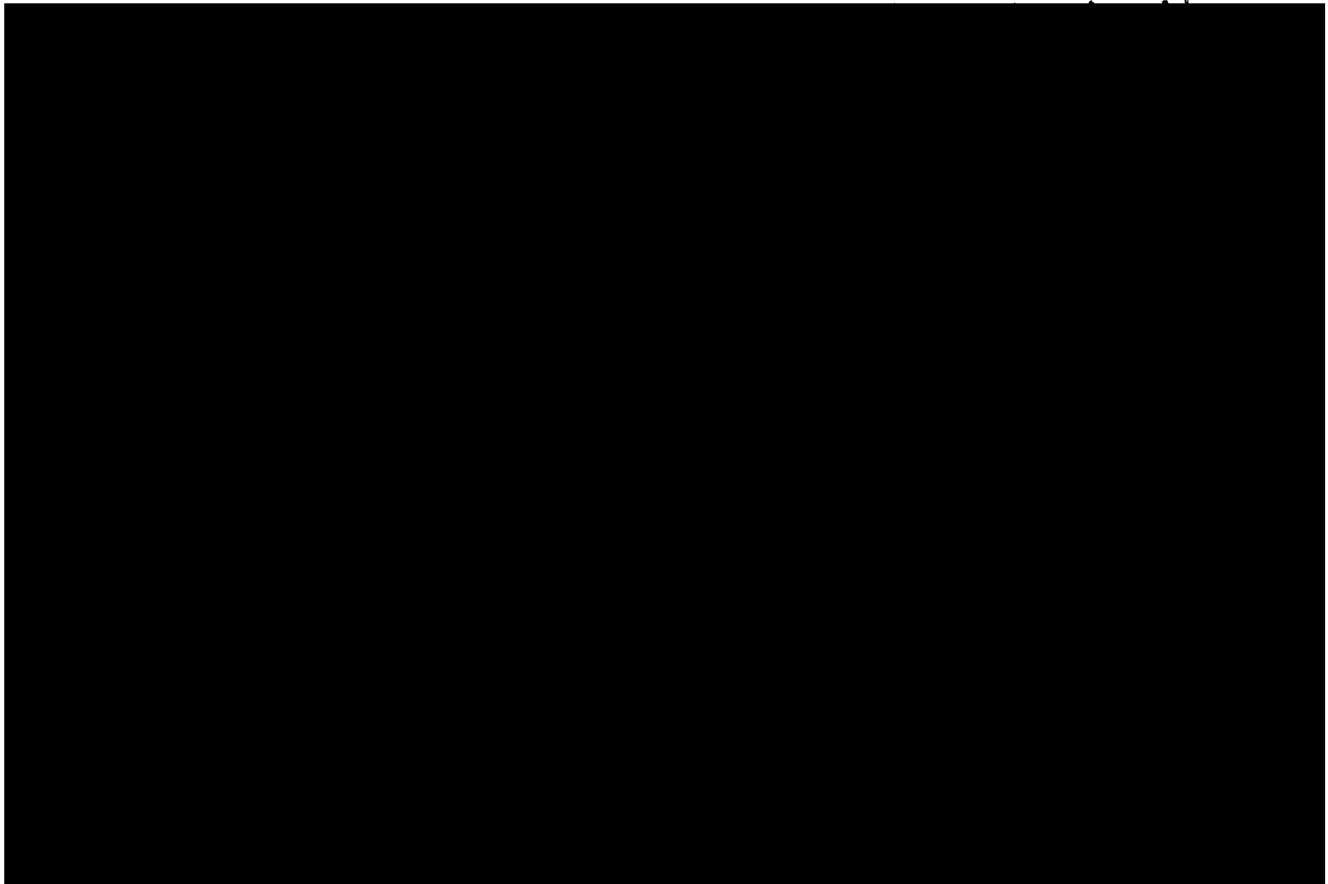
1 - *Re-examination of Reimbursement Practices*

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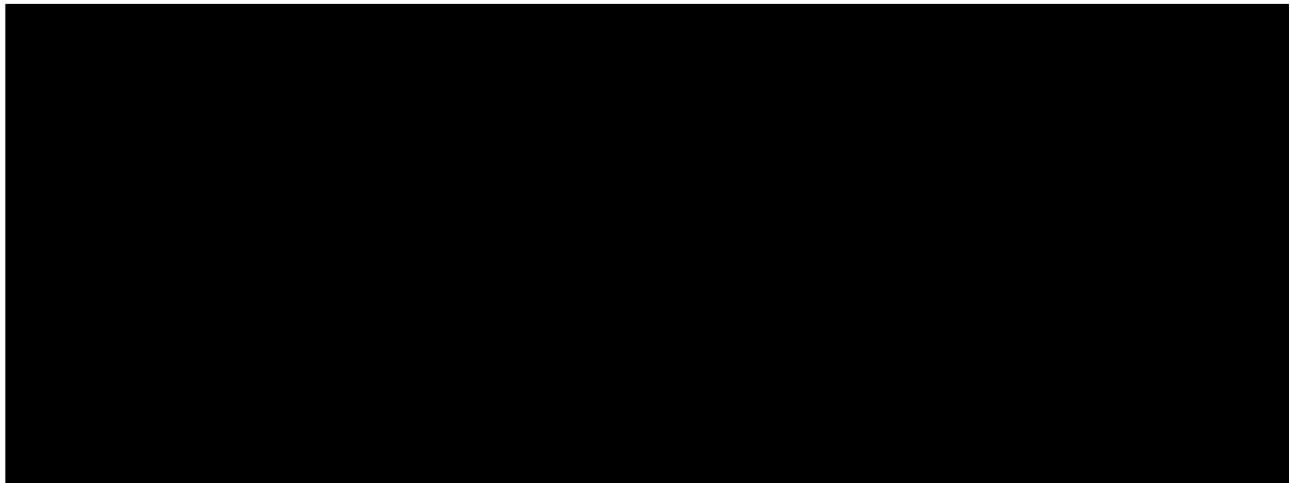
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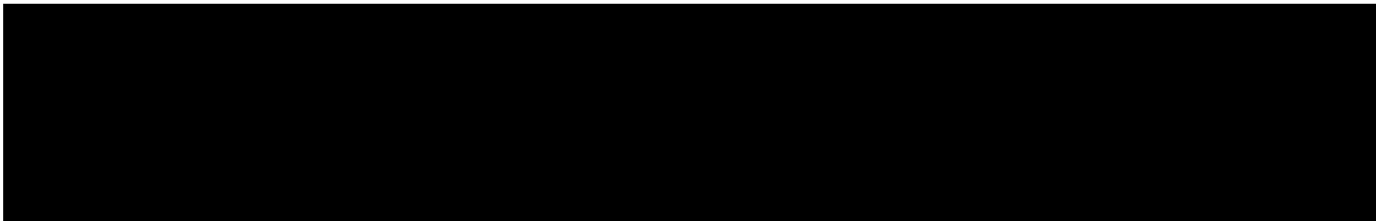
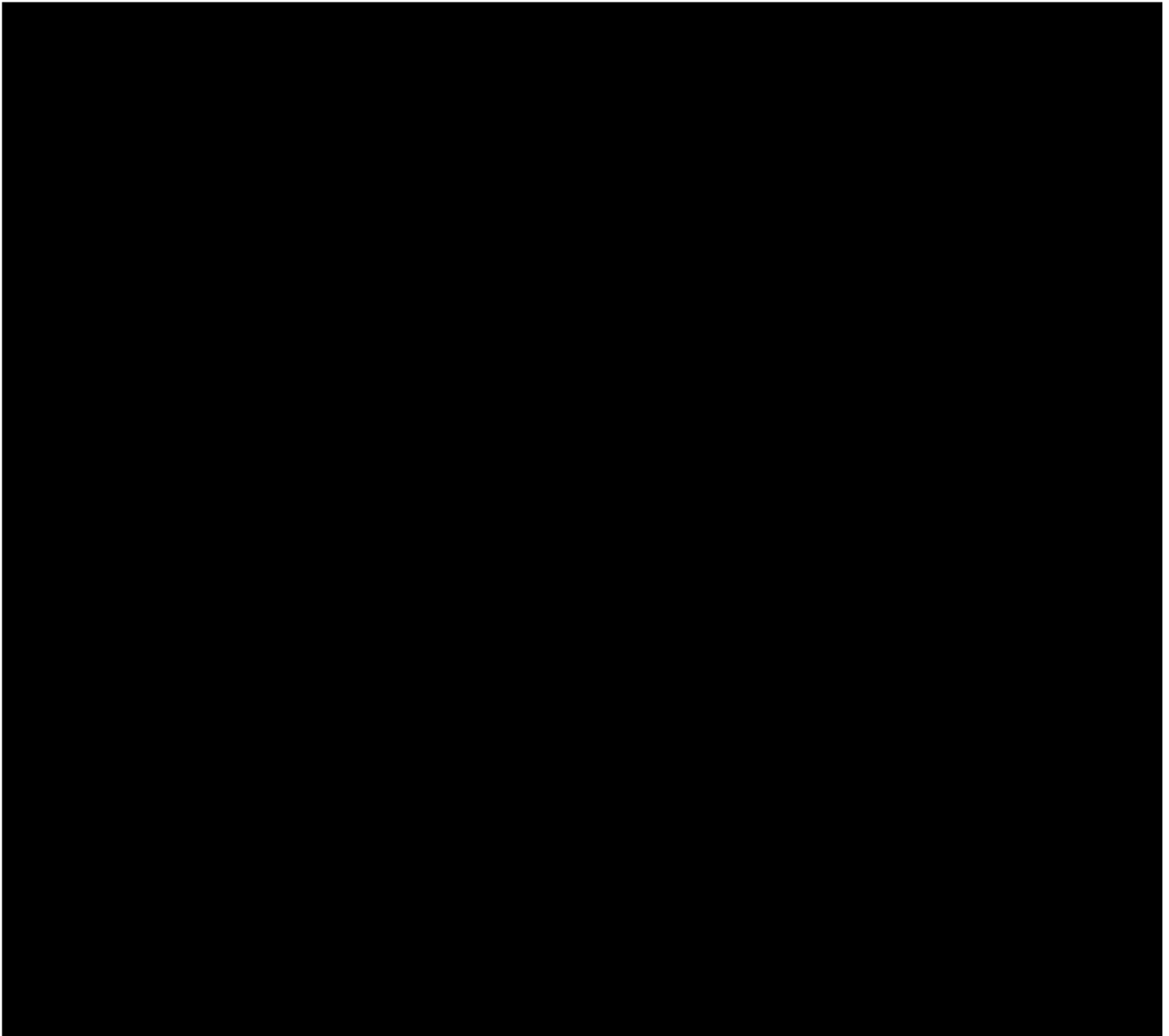


The official views of CIA with respect to reimbursement practices are contained in a memorandum from DCI to Director of the Bureau of the Budget, dated 4 June 1955.

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C. What proportion of NIS funds goes for maintenance as compared to new production? (C-13-3)

NIS production is scheduled on the basis of 8 equivalent NIS per year. No fixed percentage of initial production to maintenance production exists. Rather, scheduling is determined in accordance with certain priorities as to areas as determined by the Joint Chiefs of Staff. There was no maintenance production in the first three years of the NIS Program. In 1952, the first maintenance elements began to appear and maintenance production amounted to 3% of total production. As completion of initial production is realized on the most important areas, it is necessary to begin maintenance of those areas even though all areas of lesser priority have not had initial production. For example, intelligence interest dictates that maintenance of the NIS on the Soviet Air Force proceed even before initial production is begun on the air force of Paraguay. In FY 1956, maintenance production amounted to 17% of total production. In FY 1958, maintenance production is projected at 34% of total production. It is expected that by FY 1960, maintenance production will amount to half of total production. NIS funds will go for maintenance in roughly the same proportion as the production of maintenance is scheduled.

D. What is the special International Communism Unit in NIS? (C-11-3)

The special International Communism Unit in NIS was developed to satisfy a long felt need within the intelligence community for finished intelligence on this important subject. This requirement was noted in the CIA-conducted survey of USA intelligence needs, an OCB paper concerning propaganda against Communism, and other internally circulated CIA papers. The project was approved by the DCI on 18 August 1955 with the concurrence of the Special Assistant for Intelligence, Department of State. The NIS production is allocated to State with CIA fiscal support in terms of two separate units. One unit known as Supplement VI will provide intelligence on the Communist apparatus in individual countries, with special attention to such aspects as the Party organization, its role in the political life of the country, its role in labor and agrarian movements, its infiltration into and exploitation of other social groups, and its clandestine activities. The second unit will appear as NIS 108 and will give integrated coverage on such world-wide Communist organizations as the World Federation of Trade Unions, the World Federation of Democratic Youth, and the International Association of Democratic Lawyers.

2. Will you supply the Bureau of the Budget with a historical tabulation of NIS production and maintenance and with a forecast of activity at least through FY 1958?

The following is a historical tabulation of NIS initial and maintenance production, in number of NIS Sections by year and cumulative, from the appearance of the first published Sections in FY 1949 through the FY 1958 production currently projected.

<u>Fiscal Year</u>	<u>Initial Production</u>		<u>Maintenance Production</u>		<u>Total Production</u>	
	<u>Yearly</u>	<u>Cumulative</u>	<u>Yearly</u>	<u>Cumulative</u>	<u>Yearly</u>	<u>Cumulative</u>
1949	158	158	0	0	158	158
1950	406	564	0	0	406	564
1951*	280	844	0	0	280	844
1952	407	1,251	14	14	421	1,265
1953	516	1,767	31	45	547	1,812
1954	396	2,163	35	80	431	2,243
1955	426	2,589	63	143	489	2,732
1956	423	3,012	89	232	512	3,244
1957	413**	3,425	137**	369	550**	3,794
1958	358**	3,783	192**	561	550**	4,344


* Korean War period

** Estimated

PRODUCTION GOAL: Eight equivalent NIS per year,
or 496 NIS Sections.

F. Why does OBI have unvouchered funds?

OBI requires a small amount of unvouchered funds for foreign travel and for operational entertainment. Foreign travel requirements include visits abroad by area specialists for familiarization and NIS purposes,



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